

2021

LUXURY SECTOR ASSESSMENT

NBCUniversal

WELCOME!



Introduction

Explore NBCUniversal's latest perspectives and insights into the Luxury sector. This report provides an overview of recent marketplace dynamics, our prediction of key trends impacting the sector long-term, and strategic recommendations for Luxury brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we work across a diverse range of Luxury clients to build their brands. This report has been created based on NBCU's:

- Ongoing sector Evaluation
- Conversations with Luxury Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the Luxury Sector

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2021 Year In Review

Looking Forward













NBCU Luxury Strategic Recommendations

NBCU Relevant Materials



In 2021, NBCU developed insights across:
12 Luxury subsectors
& 4 key consumer groups

**WE HAVE
A UNIQUE
PERSPECTIVE**

 Alcohol	 Retail	 <i>Apparel</i> Handbags	 <i>Apparel</i> Shoes	 <i>Apparel</i> Fashion	 <i>Home + Life</i> Electronics
 <i>Accessories</i> Jewelry	 <i>Accessories</i> Watches	 <i>Home + Life</i> Automotive	 <i>Home + Life</i> Travel	 <i>Home + Life</i> Home	 <i>Home + Life</i> Finance

Key Consumers

Aspirational, Playing the Part, Selective Wealth, True Luxe





2021 YEAR IN REVIEW

A Look Back at 2021

2021 WAS THE YEAR OF
**THE GREAT
ACCELERATION**



Gucci Beauty & Snapchat AR

THE GREAT ACCELERATION



Luxury is Back in Vogue

Moving forward is driven by the sector's ability to change and innovate, coupled with consumer desire for its goods



Retail Rethought

Luxury brands are finally taking a leaned-in approach and following consumer behavior



Legacy Brands Adopt a New Approach

The sector adopted ways to sell and engage with their clientele in an evolving hybrid world



LOOKING FORWARD

A Look Ahead at Key Trends

GROWTH IS CLOSE TO HOME

People vs. Markets


Women continue to exert their spend power and influence over the high standards associated with Luxury.

Millennials and Gen Zs are the future of Luxury. Publicly embracing them as key influencers (e.g., 2021 Met Gala and NYFW) acknowledges the path forward.

Younger generations are innately **more diverse** than other generations and U.S. Latino purchasing power is growing 70% faster than non-Latinos¹, demonstrating **multicultural** is a key opportunity.

Source: 1. L'Attitude, Barron's, [Latinos Are the Future for U.S. GDP Growth](#), April 2021; 2. Boston Consulting Group, March 2020. 3. Boston Consulting Group, *Managing the Next Decade of Women's Wealth*, April 2020. 4. [Bain](#), May 2020.

Global Private
Wealth Held by
Women²

\$34T  **\$72T**
2010 2020

Their global wealth is outpacing the growth of the overall market wealth, adding \$5T to the wealth pool each year³

Globally,
Millennials
will account for

>50%

of Luxury
consumption
by 2025⁴

8th

Largest GDP
in the World



The power of
U.S. Latinos
if they were a stand-alone country
– larger than the GDPs of Italy,
Brazil or South Korea²

EXPERIENCES OVER GOODS

78% of Millennials would choose to spend money on an experience or event over buying something¹

Consumers increasingly prefer experiences over tangible goods.

This includes exclusive IRL events, as well as innovative digital shopping experiences.

We expect already-niche experiences to become even more exclusive, as consumers begin to see **Luxury brands as lifestyles.**

Source: 1. Eventbrite, *Millennials – Fueling the Experience Economy*; 2. BBC, 'Luxury' race will be among most expensive on earth, July 2021; 3. EDM.com, *First-Ever Luxury Music Festival in the Maldives Set for Fall 2021*, September 2021.



Highland Kings Ultra

Luxury camping race in Scotland

Cult Excape

Luxury music festival in the Maldives



Making the Cut

Shoppable fashion design competition

SUSTAINABLE OR FRUGAL?

Overcoming the perception of waste

85%

of Luxury's incremental growth is coming from clientele under 40.

Using their purchasing power, these buyers are pushing for change, forcing brands to adopt sustainable practices.¹

Environmentalism

Using recycled or environmentally friendly products

Bally released a product line using recovered plastics

Pre-Loved / Resale

Pushing to sell authentic pre-owned goods to limit waste

Richemont and Rolex invested in the resale market

Waste Reduction

Looking hard at waste and thinking about ways to reuse

Nona Source (LVMH) uses deadstock in their products

Supply Chain Footprint

Focusing on global supply chain to reduce environmental footprint

Bentley is moving to be carbon neutral by 2030

Source: 1. Forbes, *Luxury Is Learning To Deal With The Contradictions Of Sustainability*, July 2021; 2. Style, *Is fashion really entering a 'sustainability decade'?*, September 2021; 3. Manufacturing Global, *Bentley's #GoToZero Accelerates Drive for Sustainable Luxury*, September 2021; 4. Luxe Digital, *Sustainable Luxury: Millennials Buy Into Socially Conscious Brands*.

DEI BECOMES PART OF THE CONVERSATION

Putting people first

Luxury companies with diverse leadership achieve an average of

+19pp

more in revenue than those that do not.¹

It also creates new opportunities as multicultural consumers are **3x more likely to buy** a brand with spokespeople from their background.²

Sources: 1. BCG, *How Diverse Leadership Teams Boost Innovation*, January 2018; 2. MRI; 3. New York Times, *The Fashion World Promised More Diversity. Here's What We Found*, March 2021; 4. Zippia, *Fashion Designer Demographics and Statistics*; 5. McKinsey, *'Creativity would skyrocket': How diversity could transform fashion*, July 2021; 6. Vogue Business, *Fashion's lack of diversity has real costs*, April 2019.

Representation

60% of the top fashion magazines have featured a person of color on the cover since September 2020, but could more be done?³

Creativity

While the fashion industry is diverse, little of it reaches the major fashion houses.⁴ Including different backgrounds would open the sector to unprecedented creativity.⁵

Inclusion

Building an inclusive environment allows marginalized voices to be heard, offering simple checks against cultural missteps or problematic representation.⁶

DESIRE TO ACQUIRE

“The strong getting stronger will likely continue to be a theme in this sector”

Jessica Gerbi, Senior Research Analyst, Calamos Investments¹

The pursuit of **business synergies, global presence, and innovation** is making Luxury M&As and investments a trend to continue at full force.

They are reshaping the landscape – **enabling entry into new categories and trends.**

Source: 1. Barron's PENTA, *Future Returns: Investing in the Global Luxury sector*, April 2021. 2. Luxury Society, *Opinion: Luxury M&A Opportunities Will Heat Up Post-COVID. Here's Why*, March 2021.

25 key mergers, acquisitions, and investments since LVMH's acquisition of Tiffany & Co. on Oct 29th, 2020²

2020	October 29th LVMH & Tiffany & Co.	November Alibaba, Richemont & Farfetch VF Corp. & Supreme	December Moncler & Stone Island Exor Group & Shang Xia
2021	March Kering & Vestiaire Margiela-owner OTB & Jil Sander Ferrari owner Exor & Louboutin Made in Italy Fund & Dondup	April LVMH & Tod's	June Sequoia & SSENSE Fosun Fashion Group & Sergio Rossi LVMH & Pucci Prada, Zegna & Cashmere Supplier Kering & Luxury Rental Co. Cocoon GOAT & Valuation Richemont & Delvaux
	July Glossier Raises Millions Nordstrom & 4 ASOS Brands LVMH & Phoebe Philo L Catterton & Etro LVMH & Off-White Aeffe & Moschino	August Authentic Brands Group & Reebok Chanel & Paima	

KEY FORWARD- LOOKING TRENDS SUMMARY

Focusing on Profit, Planet
and People



Growth is Close to Home

The opportunity of people vs. markets



Experiences Over Goods

Exclusive events and innovative experiences reign supreme to meet consumer expectations



Sustainability Gets Defined

Greater brand impact through impacting the planet less



DEI Infusion into Everyday Practice

Placing a premium on the representation and experiences of people



Desire to Acquire, Reshaping Brand & Business

M&As and investments are forging entry into new categories, scaling, and streamlining businesses to pursue profit



NBCU LUXURY STRATEGIC RECOMMENDATIONS

Driving Growth for Brands



KEY STRATEGIC RECOMMENDATIONS

1. Embrace the Emerging Audiences

Engage women, Millennials and Gen Zs, and multicultural audiences with a right content, right context, right audience approach

2. Transcend Borders With Your Campaign

Reach key markets and audiences close to home and abroad through a coordinated local to global approach

3. Inspire Discovery, Drive Action

Create a seamless customer experience collapsing their journey and keeping them engaged from inspiration through decision

4. Create an Unforgettable Experience

Excite consumers through bespoke, one-of-a-kind events

5. Tell Your Cinematic Story

Inspire audiences and continue to position your brand by showcasing your history and evolution

1. EMBRACE THE EMERGING CLIENTELE

Why

Growth opportunities go beyond markets to the people within those markets. Understanding the key opportunities and how to communicate with them will establish the foundation for long-term growth.

At least 20% of Latino and Black adults purchased a Luxury item in the past 2 years and at least 60% of 18-34 y.o. bought at least 1 Luxury brand in the past two years.

What

Drive engagement across the journey by tapping into audience insights to position the brand relevant to the moment, need, or desire. Understand the overarching audience opportunity (women, Millennials and Gen Zs, and multicultural audiences) and the deeper segments of Aspirational, Playing the Part, Selective Wealth, and True Luxe.



Contextually
Relevant
Programming



Custom
Content /
Integrations



Audience
Targeting



Local to
Global

Goals

Top-of-Mind Awareness | Brand Preference | Brand Relevance | Consideration

1. EMBRACE THE EMERGING CLIENTELE

“Maintaining cultural relevance, being relatable, authentic, and taking the time to truly understand an audience’s beliefs and values has never been more important for brands than it is now.”

- **ANNA SAMPSON**
Strategy and Insight Director, Magnetic

Audience Insights

Understand the mindset, motivations, and influences of emerging audiences:
WOMEN | YOUNGER GENERATIONS | MULTICULTURAL

Identify attributes aligning with the deeper audience segments:

Aspirational

Playing the Part

Selective Wealth

True Luxe



Messaging

Tap into insights by audience to create an emotional connection



Lead with Context

Achieve broad scale of message and relevance to audiences, regardless of their point in their journey. Brand-audience-message alignment is paramount.



Contextually
Relevant
Programming



Custom Content
/ Integrations



Lead with Data Targeting

Engage key audiences with messaging relevant to their point in the purchase journey. Brand-audience-message alignment is critical.



Audience Targeting



Local to Global

Create a strategic blueprint for initiatives that can be tailored for global or market level activations. Synchronize when possible - tying in tiered localities - garnering and applying learnings throughout.

2. TRANSCEND BORDERS WITH YOUR CAMPAIGN

Why

20-30% of Luxury brands' revenue comes from consumers making purchases outside their home countries. But with international travel still limited, it is crucial to engage with Luxury consumers in their home countries.

Luxury brands will need to reach audiences regardless of if they are at home or traveling - both locally and globally - in a way that is uniquely tailored while still staying true to the brand.

What

Leverage a coordinated local to global approach to capture high-growth local audiences without losing existing global customers.



Local
to Global

Goals

New Audiences | Local and Global Synchronization

2. TRANSCEND BORDERS WITH YOUR CAMPAIGN

NBCU + Sky has a Global Reach of ~700M Per Month, with 58% Outside the U.S.

Source: NBCU Deduplicated Global Reach Model, Cy2020 Avg Monthly; Ipsos Global Business Influencers 2019 (US / UK / DE / FR / SG / HK) vs. CNN, BBC WN, Bloomberg, WSJ, NYT & FT. Global views from Hubble YouTube Dedicated Report, 2018-2020. Average monthly uniques from Tubular Audience Ratings, NBCUniversal & Sky (Property Level Roll-Up); Trend setters from GWI, 46 Markets, 2Q2020 - 1Q2021, NBCU + Sky Audience, Digital Only; Internal NBCU Data.

Unlocking Our Global Portfolio For Luxury Clients

Audience

Data-Driven Media



NBCU's News Group reaches 74% of Global Business Influencers

Tentpole

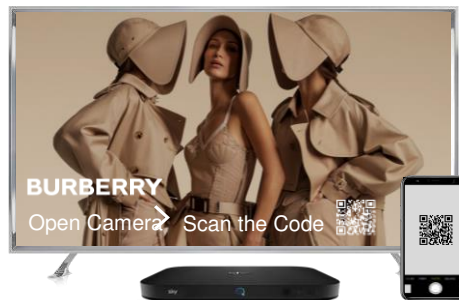
E! Live from the Red Carpet



55% of E! LRC traffic is International

Product

ShoppableTV



ShoppableTV has an average conversion rate 30% higher than the industry

Partnerships

YouTube & Twitter



70% of NBCU+Sky YouTube views are International

Shoppable executions to vary by market & region.

3. INSPIRE DISCOVERY, DRIVE ACTION

Why

As growth opportunity continues, it is imperative Luxury brands connect with audiences on their terms - leaning into their motivations and influences and engaging them in innovative ways. Staying ahead means creating seamless, innovative customer experiences – that exceed expectations and facilitate access.

At least 40% of luxury purchases are influenced – directly or indirectly – by the buyer's online experience.

What

Inspire audiences, tell your brand story, and encourage action by creating actionable content across screens, easily draws them into your brand.
Leverage your data to connect with key audiences in relevant, premium content.



Innovative /
Actionable Content

Goals

Awareness | Engagement | Brand Preference | Quality Lead Gen | Conversion

3. INSPIRE DISCOVERY, DRIVE ACTION

Commercial Innovation is not only **innovative marketing**, but it is **impactful marketing**. 88% of viewers are more likely to remember your brand.



Spark Curiosity via ActionableTV Spots

Create an immediate connection from the TV screen to the website, inspiring audiences to discover your brand and your story

Data Driven Linear, Addressable, Digital CTV environments

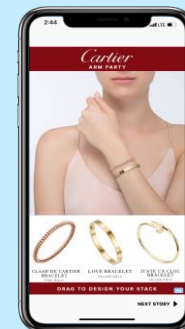
DATA – LED



Driving Action with ShoppableTV In-Show

Activate engagement in a linear content environment creating opportunity for exploration

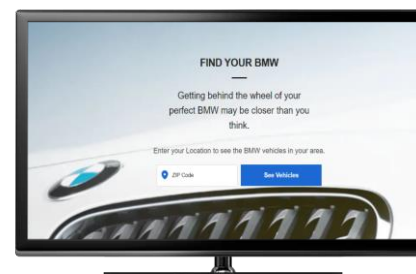
Linear, Peacock



Inspire Exploration with Apple News Tap-To and Discovery Capabilities

Create a highly personalized solution inspiring exploration of your brand and driving action

Mobile



Support with Digital Ad Innovation

Immerse your audience in a “virtual showroom” without them leaving their content experience

Digital OTT and CTV environments

DATA – INFORMED

4. CREATE AN UNFORGETTABLE EXPERIENCE

Why

As more brands leverage digital to tell their story, some of the intangibles of seeing and feeling a brand in-store become lost. The challenge is remaining digitally relevant while conveying the heritage and experience the brand has to offer.

What

Meaningfully connect to clientele while bringing your brand to life in contextually relevant experiential activities.



Host
Events



Pop Up in
the Parks



Sponsor
Premieres

Goals

Brand Awareness | Consideration

4. CREATE AN UNFORGETTABLE EXPERIENCE

Experiential marketing **typically achieves a 3:1 (ROI)**, additionally lifting awareness and **social media engagement** after an event ends.



Host Events

Align with relevant audiences while having the space to tell your story

CNBC Finding Alpha, BravoCon



Pop-Up in the Parks

Broaden awareness with new consumers through pop-up boutiques in immersive experiences like our theme parks

Universal Theme Parks, 30 Rock



Sponsor Premieres

At the intersection of pop culture and celebrity, film premieres offer intimate, culturally relevant experiences to showcase the power of brands.

Universal, Focus Features film premieres

5. TELL YOUR CINEMATIC STORY

Why

Luxury brands are increasingly employing short films to engage with new audiences, drive to e-commerce sites, or replace the traditional fashion show.

Films and partnerships allow a brand to showcase the art and creativity at the core of its products or to introduce a new chapter in its history.

What

Craft a compelling, culturally relevant narrative connecting your brand or product to a larger idea or movement through rich imagery and high production value.



Custom
Content



Talent



Sponsorship

Goals

Awareness | New Audiences | Ecommerce Growth

5. TELL YOUR CINEMATIC STORY

“Fashion dresses humanity,
art lays it bare. And music is a
massage to the atrophied muscles
of collective awareness.”

- **ACHILLE BONITO OLIVA**
Italian Art Critic, Guccifest¹

Source: 1. Guccifest, [Episode 3](#), November 2020.



Film Partnerships

Content Alignment Virtual Premieres



Dressed

(in pre-production)

Stylist Joe Zee gives us a tour of the costumes seen in upcoming Focus films, accompanied by their designers.



Reel Destinations

(9 eps.)

Join host Alicia Malone as she takes you on a tour of some of the most iconic real-life locations from Focus Films.



Stories from Set

(12 eps.)

Talent recollect on their most memorable, humorous, and touching moments while on set.



Original Series

Exclusive Sponsorships
Brand Integrations

Great Estates

with Jim Carter



Content Studio

Original Content Studio



Access
to **Award
Winning
Talent**



**Best in
Class**
Production
Team



**High Quality
Studio
Content**
on an Indie
Budget



NBCU Relevant Material

NBCU Luxury Sector Content

KEY PARTNERSHIPS FOR LUXURY @ NBCU

bravo

WATCH
WHAT
HAPPENS
LIVE
with
Andy
Cohen

TheRealReal

Married
by Bravo



CNBC
MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV

SIGN IN PRO WATCHLIST MAKE IT

MASERATI
Levante

DISCOVER MORE

MARKETS

PRE-MKT | US | EU | CHINA | ASIA | WORLD | FX | CRYPTOCURRENCY | COMMODITIES | BONDS | ET

MAJOR INDEXES

SI 225 INDEX | MON, FEB 10 2020 • 1:15 AM EST

	5D	1M	3M	6M	1Y	5Y	YTD	NAME	LAST	CHG	% CHG
Close	3352.09						3375.00	S&P 500	3357.75	+5.66	+0.17 ▲
							3370.00	NASDAQ	9638.94	+10.55	+0.11 ▲
							3365.00	DJIA	29276.34	-0.48	0.00 ▼
							3360.00	*FTSE	7499.44*	+52.56	+0.71 ▲
							3355.00	*NIKKEI	23685.98*	-142.00	-0.60 ▼
								HANG SENG	23282.80*	-242.64	-1.05 ▼

Maserati



Diamond
Producers
Association



Cadillac



Cadillac
XT4



10:51

YOU ARE
MY N°1
N°2
N°3
N°4
& N°5

discover

PERSPECTIVES

"You don't have to be a woman to be a feminist."

What it's like to navigate Women's History Month after coming out as nonbinary.

Read Now in HuffPost

Chanel

International
Women's Day



Met Gala
2021

Cartier

7:57

GONE GLAM

Billie Eilish paid homage to Marilyn Monroe in an Oscar de la Renta stunner — after the designer agreed to her unusual condition.

Read Now in BuzzFeed

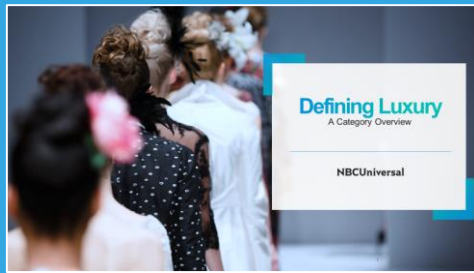
Cartier

TAP TO EXPAND

FLIPPING OUT

NBCU LUXURY CONTENT TOGETHER SITE

Luxury Content



Luxury Overview



Strategic Audiences
for Luxury



Streaming and
Affluent Audiences



Luxury's Adoption of
Ecomm and the New
Golden Age

Case Studies



AdSmart + Luxury
Auto Foot Traffic



Mavericks with Ari Melber
+ Cadillac



AdSmart +
Travel Luxury Resort

2021

LUXURY SECTOR ASSESSMENT

NBCUniversal

NBCU LUXURY CLIENT STRATEGY TEAM:

Megan Ryan, Sean Wright, Rosie Nisanyan